

Memorandum of Understanding for Development Around the Addison Silver Line Station

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the page, which includes diagonal white lines and a grey triangle in the top right corner.

ADDISON

Preferred Development Partner

- The team of AMLI Residential/Stream Realty Partners has been chosen through a competitive RFP process as the master developer for land owned by the Town and DART around the Addison Silver Line rail station



Addison Silver Line TOD Developer Selection

ADDISON



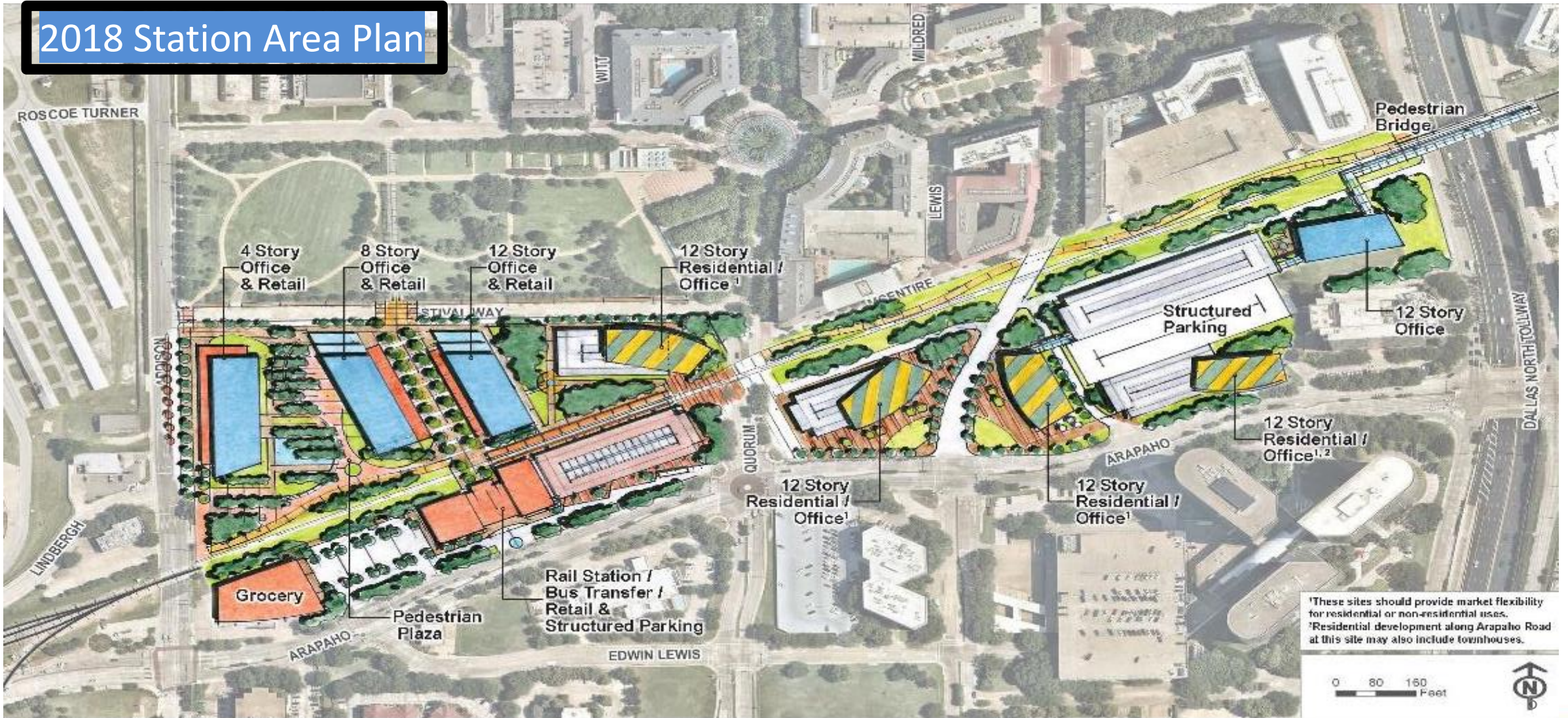
The Vision

- Major step in the Town's vision to develop a distinctive and creative urban center to attract corporate offices, retail and restaurants and provide new residential options
- Town has strategically acquired properties in the area and worked with DART to include its property through a long-term ground lease
- Builds on the goals of the 2018 Special Area Study to expand the Addison Circle neighborhood, provide seamless connections from the rail station through Addison Circle Park and improve connectivity south to Belt Line Road

Addison Silver Line TOD Developer Selection

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2018 Station Area Plan



Developer Selection and Request for Proposals (RFP) Process

- Engaged Cushman and Wakefield as real estate advisors and brokers
- Councilmembers Braun, Quintanilla and Walden appointed as a Selection Committee to guide the RFP process and make recommendations to the City Council
- Committee determined the RFP requirements, evaluation criteria and selection process



Request for Proposals

Basic Parameters

Based on the guidance and vision of the 2018 Special Area Study

- 300 Shared Parking Spaces for Special Events
- Minimum Building Height of 6 Stories
- Minimum Residential Density of 60 Units per Acre



Evaluation Scoresheet

- Established both quantitative and qualitative factors based on the vision, urban design features and financial aspects important to the Town and DART
 - Financial Factors
 - Mobility Factors
 - Expand and Solidify Addison as a Premier Regional Destination

Financial Factors

- Tax Revenue Generation
- Experience and Financial Capacity of Developer
- Financial Transaction – Purchase Price and Non-Refundable Deposit
- Estimated Incentives Needed from Town

Mobility

- Increased DART Ridership
- Multiple Connections between Development and DART Station
- Walkability and Pedestrian/Bike Connections
- Shared Parking Spaces
- Accommodation of DART Rail and Bus Activities

Expand and Solidify Addison as a Premier Regional Destination

- Imaginative Development Theme, Mix of Uses, High Quality and Distinctive Architecture
- Amenities (Landscaping, Hardscape, Lighting, Public Art)
- Project Density and Height
- Integration with Addison Circle and Expansion Southward
- Environmental Sustainability
- Increase in Residential Population Base

Addison Silver Line TOD Developer Selection

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RFP Responses

- RFP issued in April 2021
- Five Development Team Responses
- Narrowed to Two Finalists for Second Phase
- City Council has selected the team of AMLI Residential/Stream Realty Partners as the preferred master developer



Phase I – Addison Road and Festival Way

- Six-story 150,000 square foot Class A office building
- 9,000 square feet of retail space
- 625 space parking garage

Phase I – “The Hub” – Facing Addison Circle Park

- Indoor-outdoor entertainment and dining venues oriented around a central green

Phase I – Quorum Drive, Festival Way and Arapaho Road

- Two multi-family buildings
 - High rise: 13 stories and 250 units with 10,000 square feet of retail space
 - Mid rise: 7 stories and 450 units with 5,000 square feet of retail space

Phase II – DART Property at Quorum Drive and Arapaho Road

- 6 story 150,000 square foot Class A office building integrated with an 850-space parking garage
- Contains structured parking for DART riders and contemplates potential reconfiguration of bus, rail, and other mobility operations

Phase III – DART Property at Addison Road and Arapaho Road

- 120 room boutique hotel

Project Timeline

- Construction commences in 2023
- Estimated project completion (all phases) in 2028

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Addison Silver Line TOD Developer Selection



Addison Silver Line TOD Developer Selection



Memorandum of Understanding (MOU)

- Authorizes the City Manager to continue negotiations exclusively with AMLI/Stream Realty Partners
- States the basic financial and incentive terms for the project
- Incentives are for Phase I of the project; additional requests may be made for subsequent phases
- Establishes timelines for commencement and completion
- Allows the developers to begin due diligence for the property including surveying and geotechnical and environmental testing

Project Financial Information and Town Incentives

Phase I Cost -- \$344 million; All Phases -- \$472 million

Phase I – Stream Realty Partners Office Building and Parking Garage

- Town dedicates 2.3 acres of land (estimated market value of \$2 million)
- Stream Realty Partners commissions a parking study to determine proper number of parking spaces
- Town contributes \$6 million for construction of the parking garage
- Parking spaces are available for retail customers and nights and weekends for Addison Circle activities and special events

Phase I – Stream Realty Partners Office Building and Parking Garage

- Town commits to a 5-year lease for 60,000 square feet of space (40% of the building) at \$34.50 per square foot gross (\$2,070,000 per year)
- The lease obligation is reduced on a 50/50 basis until the obligation is removed when 120,000 square feet is leased
- Developer's off-site infrastructure obligation to not exceed \$500,000
- Development and building permit fees are capped at \$150,000

Phase I – AMLI Residential Multi-Family Buildings

- AMLI ground leases 10 acres from the Town for 99 years under the following terms:
 - AMLI pays \$2 million in pre-paid ground rent
 - Initial annual ground rent of \$500,000 will be adjusted annually at no more than 3% on a non-cumulative basis
 - Ground rent is reset after 10 years, then every 15 years based on the appraised value of land and improvements

Phase I – AMLI Residential Multi-Family Buildings

- AMLI commissions a Master Streetscape Plan for the general Addison Circle area
- Town funds any off-site infrastructure and streetscape improvement costs identified in the Master Streetscape Plan exceeding \$1 million
- To maintain the quality of the development, after 10 years the Town will provide an off-set in ground rent for improvements that exceed \$1 million, once every 10 years
- Town waives development and building permit fees over \$250,000
- AMLI contributes \$200,000 to the Addison Arbor Foundation to fund public art in the rights-of-way and public spaces

Phase I – “The Hub” Retail, Restaurant and Entertainment Venue

- Land is included in the AMLI ground lease
- Town will reimburse up to \$1.5 million for public infrastructure costs
- Town will provide a Chapter 380 sales tax sharing arrangement, capped at \$1.5 million or 10 years, whichever occurs first
- Sales tax will be shared at 75% for the developer and 25% for the Town based on actual sales tax receipts

Phases II and III – Office Building, Parking Garage and Hotel on DART Property

- Town incentives (if any) will be negotiated for Phases II and III in the future and based on the market dynamics and timeframe to develop at that time
- Subject to DART approval, rail and bus transit operations will be incorporated into the new development, for which Stream currently commits to a \$160,000 contribution, with definitive construction costs to be determined in future agreements
- Town, DART and Stream Realty Partners enter into a perpetual parking agreement that provides public parking for DART riders and retail patrons during the day and parking on nights and weekends and for special events

Other Provisions of the MOU

- A transfer fee of 25 basis points payable to the Town will be assessed on all subsequent sales of the property or improvements at the seller's expense
- DART's property will be subleased in accordance with the approved Interlocal Agreement
- The due diligence period ends on December 15, 2022 or when subsequent definitive agreements have been executed.
- The schedule for completion of all phases of the development are defined and may be modified or extended only by mutual agreement

Town's Participation – Stream, AMLI and The HUB

Phase I Incentive Requests (Estimated Value)

Office Land Contribution (2.3 acres)	\$ 2,000,000
Office Lease Commitment (Potential Cost over 5 years)	\$10,350,000
Office Parking Garage Contribution	\$ 6,000,000
Public Infrastructure Costs (The Hub)	\$ 1,500,000 reimbursement (if needed)*
Sales Tax Rebate (The Hub)	\$ 1,500,000 cap
Permit Fee Waivers (Developers Pay \$519,576)	\$ 1,560,302
Total	\$22,910,302

*The Town may have additional off-site infrastructure costs (TBD) for the office and multi-family that exceed the developers' commitment of \$1.5 million.

Next Steps – 12-18 Months

- Developer begins site investigations and engineering/architectural studies
- Town and developer negotiate terms of financial transactions, development agreements, draft property sublease, economic development incentives and other definitive agreements
- Development team starts the rezoning process



QUESTIONS?